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Mammoth Mart, Inc.

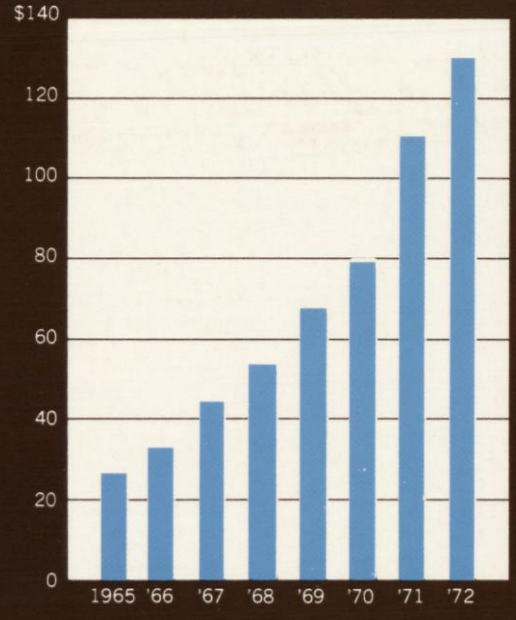
SELF SERVICE DISCOUNT DEPARTMENT STORES

Annual Report

FOR THE YEAR ENDED JANUARY 29, 1972

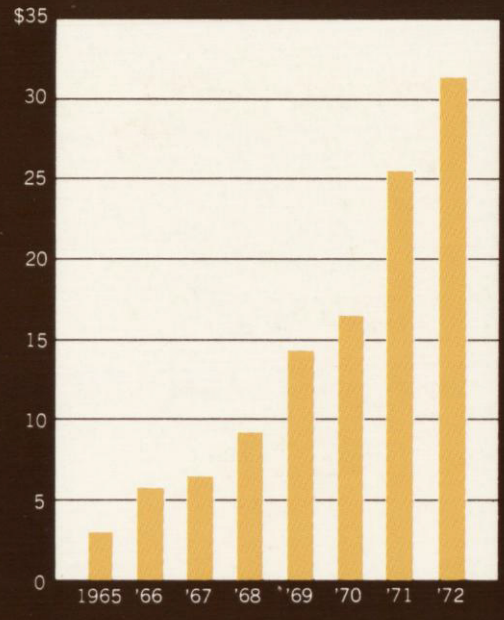
TOTAL SALES

(IN MILLIONS OF DOLLARS)



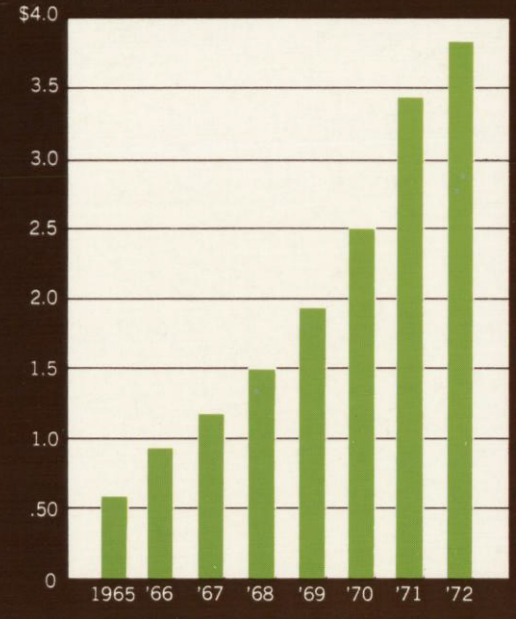
CURRENT ASSETS

(IN MILLIONS OF DOLLARS)

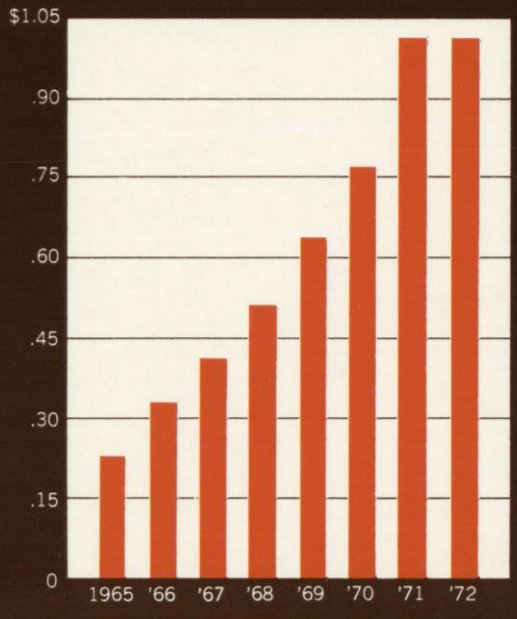


NET EARNINGS

(IN MILLIONS OF DOLLARS)



PRIMARY EARNINGS PER SHARE



(Fiscal years end in January)

Mammoth Mart, Inc. AND SUBSIDIARIES

FINANCIAL HIGHLIGHTS

	For the Year Ended January 29, 1972	For the Year Ended January 30, 1971
Total Sales	$129,568,700	$110,316,019
Earnings Before Federal and State Income Taxes	$7,262,278	$6,755,031
Net Earnings	$3,782,278	$3,396,031
(based on average shares outstanding during year)		
Primary	$1.02	$1.02
Fully Diluted	$1.01	$1.01
Net Earnings as a Percent of Net Sales	3.0%	3.2%
Total Assets	$43,997,668	$35,358,621
Working Capital	$20,421,770	$13,318,610
Stockholders' Equity	$29,197,137	$18,772,974
Cash Dividends Paid	$802,372	$616,128
Current Ratio	2.8 to 1	2.1 to 1

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REPORT FROM THE CHAIRMAN AND THE PRESIDENT

Max Coffman,
Chairman

Dear Shareholder:

In every report since Mammoth Mart became a publicly-owned company (in 1965), we have been able to point with pride to the completion of a successful year, one which showed good improvement over the prior year. 1971 was just such a year. Despite the fact that in certain of our operating areas business was a bit soft, we once again reported an excellent gain in sales over the preceding year, an increase of 17.5%. Pre-tax and after tax net income also increased. Our per-share earnings performance reflected the larger number of shares outstanding in 1971 as compared with 1970.

The year just ended was the first of a new five-year plan during which we expect to reach the quarter-billion-dollar sales level. For perspective, when we started our first five-year program six years ago, we had annual sales of $33 million, a sales level which was more than tripled in the succeeding five years. We achieved these results by a combination of careful planning and then intensive implementation. We created a team to do a job, and that team brought the company to its next plateau. In similar fashion, during the past year we took meaningful steps to strengthen and expand our management base in order to prepare ourselves for the growth we see ahead for the company.

Alan Zaff, formerly the company's chief merchandiser and Executive Vice President, has become President of the company, and is now its Chief Operating Officer. Max Coffman remains Chairman of the Board and Chief Executive Officer. Erwin Stone, formerly Senior Vice President, has become Executive Vice President. Vice President Jeffrey Coffman has become President of our Boston Baby (juvenile merchandise) division. Vice President Nathan Levine, our menswear and boyswear merchandiser, has been appointed a Senior Vice President, and Kenneth Litvack has joined us as our General Merchandise Manager and has been appointed a Vice President. Eugene Twomey has been appointed Vice President in charge of Real Estate, Richard Gornstein has been promoted to Vice President-Purchasing, and Robert Slattery has rejoined us as Vice President-Management Information Systems. Ralph Sorenson, Associate Professor at the Harvard Business School and a recognized authority on marketing, was elected a director of the company.

This series of senior management appointments and additions represents an investment in the future for us since it provides us with the management capabilities required for expanded operations.

During 1971 we opened six new Mammoth Marts and seven new Boston Baby units. At the end of the year we had 64 units in operation, 49 full-sized stores comprising 2.8 million square feet of space, and 15 Boston Baby units totaling 240,000 square feet. Last fall we opened a new 100,000 square foot headquarters and warehouse facility for Boston Baby in Brockton, Massachusetts, which replaces three small regional Boston Baby warehouses. This new warehouse has the capability for servicing roughly twice the present number of Boston Baby units, and it is now beginning to achieve our goals for cost savings and efficiency.

As these figures indicate, the Boston Baby division virtually doubled in size this past year. In the first full year of operations of Boston Baby, we concentrated on increasing the size of the division, and accumulated a body of experience in operating the new warehouse we constructed for it. On the retailing side, one of the fundamental concepts we have evolved for Boston Baby is that its greatest potential appears to lie in locating a unit within a large shopping mall. Further, a typical Boston Baby store seems to come to operating maturity in a somewhat longer span of time than has been our experience with a typical Mammoth Mart store. We expect that, with what we have learned about the division, and with fuller utilization of the new warehouse, the potential of the Boston Baby division will be more fully realized.

Our expansion program for 1972 encompasses a number of areas. We expect to add more new Mammoth Mart stores to the chain than in any previous

year, to expand geographically, to add new departments and expand existing departments in the chain, and to continue to grow internally. Our present schedule calls for the addition of 12 to 14 new stores in 1972 to bring us to about the 78-unit total twelve months from now. Most of these new units will be full-sized Mammoth Marts, and the rest new Boston Baby stores. In terms of geographical diversification, we opened our first store in New York State in Ithaca on March 15, 1972, and our first Mammoth Mart in Pennsylvania will open in Harrisburg later this year; also, a Boston Baby unit is scheduled to open in South Plainfield, New Jersey in the latter part of the year.

Concurrently, we have under way an active expansion of Do-It-Yourself home improvement departments, carrying full lines of lumber, paneling, moldings, hand and power tools, hardware, plumbing and seasonal products. We plan to open four such departments this year in existing Mammoth Mart stores, while at least four of the new Mammoth Marts projected for 1972 will contain these full-service departments.

We are also planning a major expansion of consumer electronics departments as part of a program of providing our customers a greater choice of product while at the same time increasing the overall sales of the company. We are now operating 14 electronics departments in Mammoth Mart stores, and by the end of the year these will have been increased to about 30, each carrying full lines of hi-fi sets, radios, stereos, casette and tape recorders, speakers, tuners, television receivers and systems, and other electronic components and equipment.

Alan D. Zaff,
President

The kind of expansion program we have been describing requires fairly heavy capital investments on our part. Our financing last July helped to broaden our equity base, making it unnecessary for us to contemplate additional equity financing this year for our 1972 expansion program. This financing did have the effect of diluting our per-share earnings somewhat (as indicated earlier in this report), but as the funds we received are fully invested in the business, and adequate returns are achieved, this dilutive effect should prove temporary and be overcome. Our 1973 expansion program will require some additional outside capital, and our thinking at this time is that any such financing will utilize long term debt. Our debt-to-equity ratio at year end was 9%.

Our overall financial condition on January 29, 1972 was good. Working capital totaled $20,421,770, and our current ratio was 2.8 to 1. We earned a respectable 20.1% on stockholders' equity at the beginning of the year.

Looking back on 1971, the year was troublesome from time to time in that the New England economy began to develop pockets of economic weakness somewhat like those which afflicted the rest of the economy in the prior two years. Our own operating results were aided not a little by the excellent performance of many of our newer units located outside the New England area, testifying to the wisdom of this move which we had been planning for so long.

As we look at 1972, we are optimistic that the general economic climate in our operating areas is improving. Unemployment at year-end should be lower than at the start of the year, and it seems reasonable at this time to expect a good improvement by the second half of the year. On balance, we believe that our business in 1972 should be good, and we expect the year as a whole to result in new records for the company.

As always, it is due to the concentrated efforts of many people that a company like ours can prosper, and to all of you we offer our thanks.

We look forward to reporting to you on our progress throughout the year.

Sincerely,

Max Coffman,
Chairman

Alan D. Zaff,
President

April 13, 1972

Mammoth Mart on the move

● MAMMOTH MART LOCATIONS / 1971

CONNECTICUT
Bristol
East Hartford
Guilford
North Haven

MAINE
Augusta
Brunswick
Bangor
Lewiston
Orono
Portland
Presque Isle
Rockland
Rumford
Scarboro
Waterville

MARYLAND
Bel Air
Waldorf

MASSACHUSETTS
Ashland
Brockton
Canton
Dudley
Fairhaven
Franklin
Greenfield
Holyoke
Lowell
Marlboro (2)
Milford
New Bedford
Raynham
Salisbury
Webster
Weymouth
Worcester

NEW HAMPSHIRE
Gilford
Keene
Portsmouth
Somersworth

NEW YORK
Ithaca (opened in March, 1972)

NORTH CAROLINA
Henderson
Jacksonville
Lumberton
New Bern

RHODE ISLAND
East Providence
Johnston
North Smithfield

VERMONT
Bennington
Burlington
Newport-Derby

○ PROJECTED FOR 1972:

MAINE
Calais
Ellsworth

MARYLAND
Essex

MASSACHUSETTS
Acton
Burlington
Foxboro
Malden

NEW YORK
Kingston

NORTH CAROLINA
Hickory
Statesville

PENNSYLVANIA
Harrisburg

VERMONT
Brattleboro

■ JUVENILE MERCHANDISE STORE LOCATIONS / 1971

BOSTON BABY DIVISION

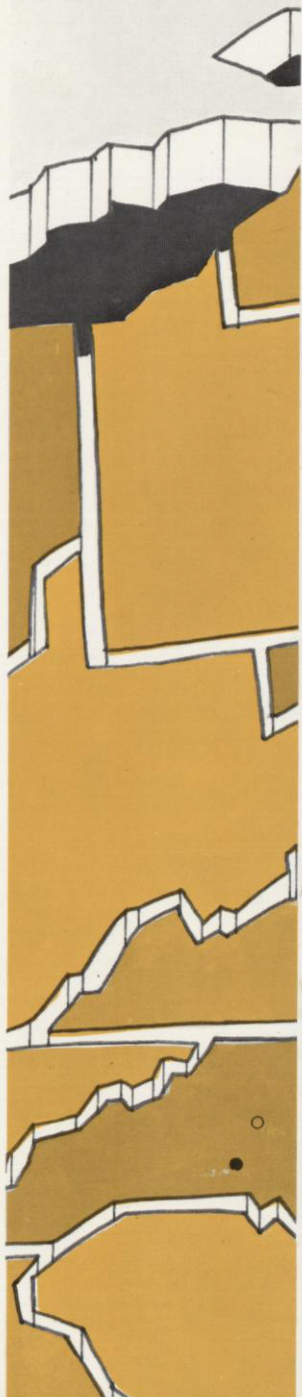
MASSACHUSETTS
Braintree
Brockton
Fall River
Holyoke
Marlboro
Natick (2)
New Bedford
Roslindale (Boston)
Saugus
Springfield
Woburn

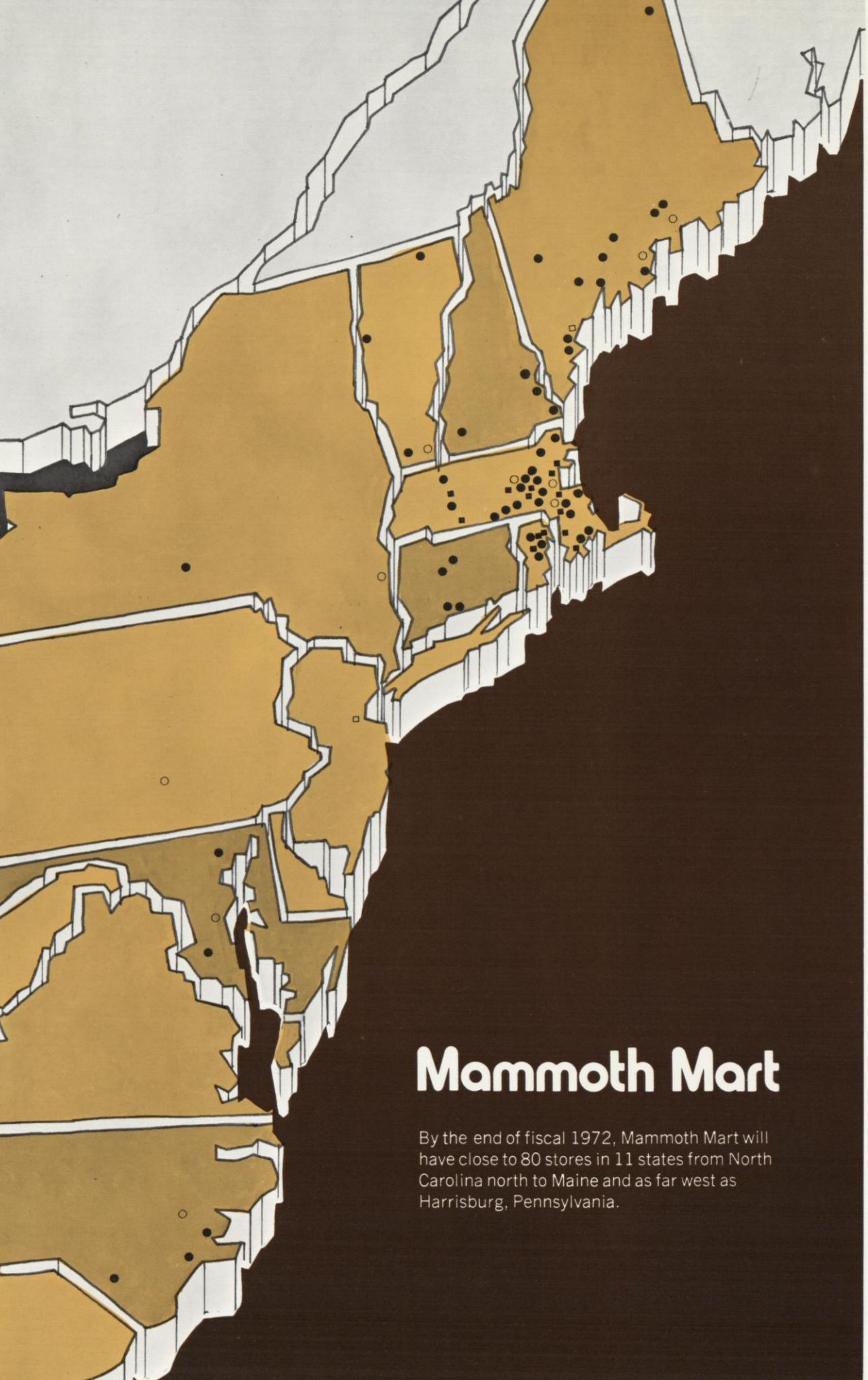
RHODE ISLAND
Cranston
Pawtucket
Warwick

□ PROJECTED FOR 1972:

MAINE
Portland

NEW JERSEY
South Plainfield





Mammoth Mart

By the end of fiscal 1972, Mammoth Mart will have close to 80 stores in 11 states from North Carolina north to Maine and as far west as Harrisburg, Pennsylvania.

New modern decor highlights our typical ladies fashion department

store operations

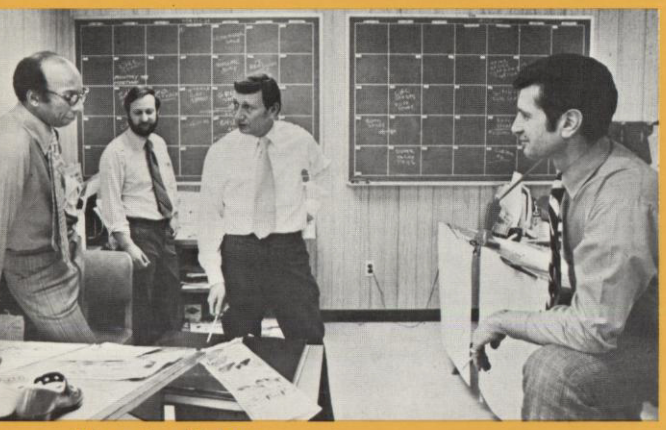
A top-management meeting: Irving Getz, Frank Brenton, President Alan Zaff, and Erwin Stone

A store planning session, with Richard Cohen, Arthur Bazer, and James Hadges

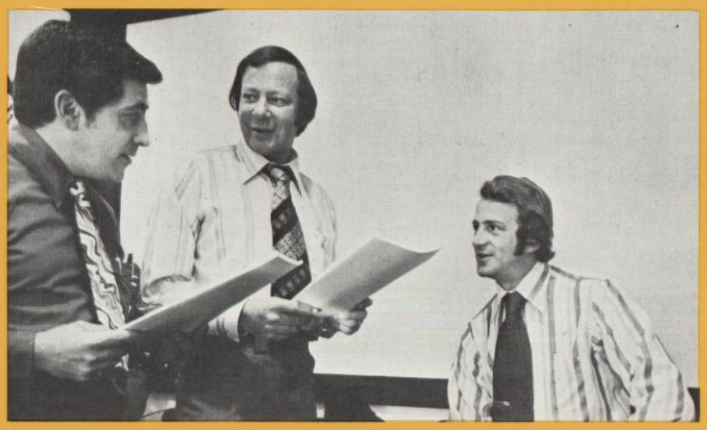
It's easy to shop at Mammoth Mart

Our new enlarged electronics department, featuring a wide selection of famous brands

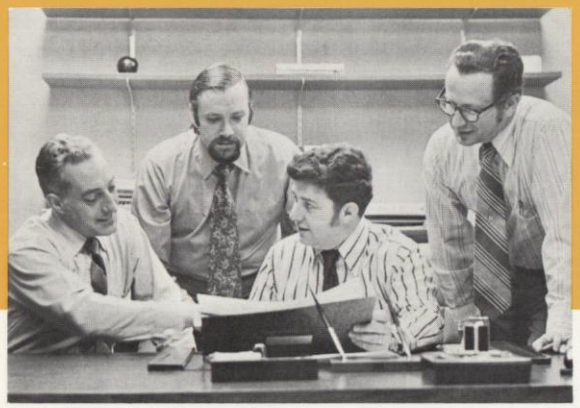
Merchandisers meet frequently to discuss business: Nathan Levine, Ethel Simmons, Kenneth Litvack (General Merchandise Manager), Robert Barteaux, David Band, and Elliot Lerner



The advertising department mulls a point: Vernon McCoy, William Patten, Irving Getz (Senior Vice President) and Alfred Podell



Head operations man Stan Sonnenfeld, flanked by Gene Costa and Jerry Poirier

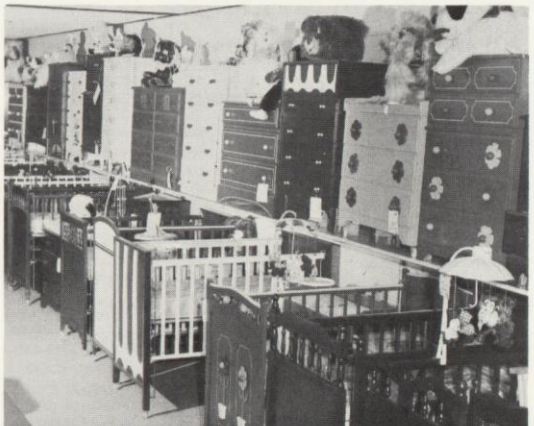


An internal staff meeting: James Green, Alan Garf, V.P. Bob Slattery (management information systems), and Robert Burke.

Plotting new locations: Stephan Quintin, Mark Shair, and head of the Real Estate Department Eugene Twomey

The Boston Baby division, Mammoth Mart's juvenile merchandise operation

To the right: *An executive meeting with Stanley Gilman, Jeff Coffman (Boston Baby President), Joel Rice, and Boston Baby V.P. James Morande*



The financial team meets: Tom Reynolds, Frank Brenton (Senior Vice President-Treasurer), and Lou Petrucci

FINANCIAL COMMENTS

The financial statistics shown in comparison form on page 17 testify to our good condition at year-end. Our working capital was augmented during the year by the sale last July of 250,000 shares of common stock, the proceeds from which are being applied to our 1972 expansion program and to working capital. No equity financing is contemplated at this time.

In the past, Mammoth Mart's interim financial results followed a fairly consistent pattern. Our first quarter (the three months ended April 30th) is invariably the low quarter for the year. The second and third quarters, though better, are usually well below the high point for the year, which is the fourth quarter. With the expansion of the Boston Baby division, this cycle of reporting performance will be exaggerated. While operating costs of the Boston Baby division continue to accrue throughout the year, that division's principal earnings come in the fourth quarter. Accordingly, in the coming year it seems reasonable to expect that the consolidated earnings of the company in the first three quarters of the fiscal year will be seasonally affected, with the fourth quarter picking up the earnings contributions not previously available.

During 1971 Mammoth Mart made two quarterly dividend distributions of 7 cents per share, following which a 3-for-2 stock split was effected (in May, 1971). Subsequent to the split, a quarterly dividend policy of 5½ cents per share was initiated, and two of these payments were made during the year. The new dividend rate on the split shares represents an increase of 18% over the preceding rate of payout.

Mammoth Mart, Inc. AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED EARNINGS

	Year Ended January 29, 1972	Year Ended January 30, 1971
Sales (including concessionaires)	$129,568,700	$110,316,019
Less concessionaires' sales	4,353,563	4,065,002
Sales (owned departments)	125,215,137	106,251,017
Gross rentals from concessionaires	332,677	317,590
Other income	484,784	194,195
	126,032,598	106,762,802
Costs and expenses:		
Cost of merchandise sold, buying and occupancy expenses	90,579,136	77,094,107
Selling, general and administrative expenses	26,746,456	21,659,981
Depreciation and amortization (Note C)	1,113,892	846,638
Interest	330,836	407,045
	118,770,320	100,007,771
EARNINGS BEFORE INCOME TAXES	7,262,278	6,755,031
Federal and state income taxes:		
Current (Note G)	3,312,500	3,319,119
Deferred	167,500	39,881
	3,480,000	3,359,000
NET EARNINGS	$ 3,782,278	$ 3,396,031
Earnings per share (Note H):		
Primary	$1.02	$1.02*
Fully diluted	$1.01	$1.01*

Certain amounts in 1971 have been reclassified to permit comparison.

**Per share amounts have been adjusted to reflect the 3-for-2 stock split distributed on May 5, 1971.*

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION

	Year Ended January 29, 1972	Year Ended January 30, 1971
SOURCE OF WORKING CAPITAL		
From operations:		
Net earnings	$ 3,782,278	$ 3,396,031
Charges not requiring outlay of working capital:		
Depreciation and amortization	1,113,892	846,638
Amortization of deferred compensation	61,977	72,804
Provision for deferred income taxes	167,500	39,881
Amortization of store opening costs	—	127,406
TOTAL FROM OPERATIONS	5,125,647	4,482,760
Net proceeds from sales of Common Stock	6,346,080	3,753,629
Common Stock issued upon conversion of long-term debt	1,040,000	—
Increase in long-term debt	503,422	146,210
Proceeds from sale of fixed assets, less gain of $53,371	21,860	—
Long-term debt issued for subsidiaries acquired during the year	—	1,995,000
Decrease in other assets	—	101,651
	13,037,009	10,479,250
APPLICATION OF WORKING CAPITAL		
Additions to property and equipment	3,620,818	2,697,834
Conversion of long-term debt into Common Stock	1,040,000	—
Excess of cost of investments in subsidiaries over carrying amount of net assets acquired	—	1,613,106
Cash dividends declared	802,372	616,128
Payments of long-term debt and change in current portion	381,357	880,098
Book value of property and equipment of subsidiaries acquired during the year	—	235,772
Increase in other assets	85,502	—
Cost of Common Stock in Treasury	3,800	—
	5,933,849	6,042,938
INCREASE IN WORKING CAPITAL	$ 7,103,160	$ 4,436,312
CHANGES IN COMPONENTS OF WORKING CAPITAL		
Increase (decrease) in current assets:		
Cash and short-term investments	$ 386,791	$ 1,667,275
Merchandise inventories	5,393,756	7,279,724
Other current assets	287,932	(43,779)
	6,068,479	8,903,220
Increase (decrease) in current liabilities:		
Trade accounts payable	(826,855)	2,646,474
Federal and state income taxes	4,426	648,546
Current portion of long-term debt	(505,243)	678,670
Other current liabilities	292,991	493,218
	(1,034,681)	4,466,908
INCREASE IN WORKING CAPITAL	$ 7,103,160	$ 4,436,312

Certain amounts in 1971 have been reclassified to permit comparison.
The accompanying notes are an integral part of the consolidated financial statements.

Mammoth Mart, Inc. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS	January 29, 1972	January 30, 1971
CURRENT ASSETS		
Cash	$ 2,586,107	$ 2,748,733
Short-term investments—at cost (approximates market)	750,000	200,583
Accounts receivable	623,992	376,560
Merchandise inventories—at the lower of cost or market as determined by the retail inventory method	27,112,911	21,719,155
Prepaid expenses and advances to suppliers	457,987	417,487
TOTAL CURRENT ASSETS	31,530,997	25,462,518
PROPERTY AND EQUIPMENT—on the basis of cost (Notes B and C)		
Land	144,542	79,201
Buildings and improvements	2,354,202	1,704,449
Fixtures and equipment	11,242,118	8,744,015
Leasehold improvements	942,421	560,322
	14,683,283	11,087,987
Less allowances for depreciation and amortization	4,208,320	3,098,090
	10,474,963	7,989,897
EXCESS OF COST OF INVESTMENTS IN SUBSIDIARIES OVER NET ASSETS ACQUIRED (Note A)	1,613,106	1,613,106
OTHER ASSETS	378,602	293,100
	$43,997,668	$35,358,621

LIABILITIES AND STOCKHOLDERS' EQUITY	January 29, 1972	January 30, 1971
CURRENT LIABILITIES		
Notes payable to banks	$ 175,010	$ 195,250
Trade accounts payable	6,463,120	7,289,975
Accrued payroll and other expenses	1,058,974	1,024,549
Taxes, other than income taxes	671,935	441,508
Dividend payable	209,729	161,350
Federal and state income taxes	2,154,650	2,150,224
Current portion of long-term debt	375,809	881,052
TOTAL CURRENT LIABILITIES	11,109,227	12,143,908
LONG-TERM DEBT, less current portion (Note B)	3,053,205	3,971,140
DEFERRED FEDERAL INCOME TAXES	638,099	470,599
STOCKHOLDERS' EQUITY (Notes D and E)		
Preferred Stock, par value $1 a share:		
Authorized 500,000 shares; issued—none		
Common Stock, par value $1 a share:		
Authorized 7,500,000 shares (4,000,000 in 1971); issued 3,818,948 shares (2,304,737 in 1971), including 4,985 shares in treasury in 1972	3,818,948	2,304,737
Additional paid-in capital	15,088,705	9,269,551
Retained earnings	10,590,054	7,610,148
	29,497,707	19,184,436
Less:		
Unamortized deferred compensation	297,410	411,462
Cost of 4,985 shares in treasury	3,160	—
	300,570	411,462
	29,197,137	18,772,974
LONG-TERM LEASES (Note F)	—	—
	$43,997,668	$35,358,621

Certain amounts in 1971 have been reclassified to permit comparison.
The accompanying notes are an integral part of the consolidated financial statements.

Mammoth Mart, Inc. AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED STOCKHOLDERS' EQUITY

	COMMON STOCK ($1 PAR VALUE)	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	COMMON STOCK IN TREASURY
Balances at February 1, 1970	$2,043,077	$ 3,531,659	$ 7,021,418	
Net proceeds from sale of Common Stock	150,000	3,552,307	—	
Proceeds from exercise of stock options	6,745	41,577	—	
Issued under Executive Incentive Stock Purchase Plan	3,000	54,750	—	
Net earnings	—	—	3,396,031	
Cash dividends on Common Stock—$.19 a share*	—	—	(616,128)	
5% stock dividend on Common Stock	101,915	2,089,258	(2,191,173)	
Balances at January 30, 1971	2,304,737	9,269,551	7,610,148	
Net proceeds from sale of Common Stock	250,000	5,839,401	—	
Issued upon conversion of 5¾% Convertible Notes payable	71,217	968,783	—	
Par value of 1,158,508 shares of Common Stock issued in connection with 3-for-2 stock split	1,158,508	(1,158,508)	—	
Proceeds from exercise of stock options	34,486	221,553	—	
5,985 shares reacquired from terminated employees under executive Incentive Stock Purchase Plan	—	(69,825)	—	$3,800
1,000 shares issued under Executive Incentive Stock Purchase Plan	—	17,750	—	(640)
Net earnings	—	—	3,782,278	—
Cash dividends on Common Stock—$.21 a share*	—	—	(802,372)	—
Balances at January 29, 1972	$3,818,948	$15,088,705	$10,590,054	$3,160

**Per share amounts have been adjusted to reflect the 3-for-2 stock split distributed on May 5, 1971.*

The accompanying notes are an integral part of the consolidated financial statements.

ACCOUNTANTS' REPORT

To the Stockholders
Mammoth Mart, Inc.
West Bridgewater, Massachusetts

We have examined the consolidated financial statements of Mammoth Mart, Inc. and subsidiaries for the fiscal year ended January 29, 1972. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the consolidated financial statements for the preceding year.

In our opinion, the accompanying balance sheet and statements of earnings, stockholders' equity, and changes in financial position present fairly the consolidated financial position of Mammoth Mart, Inc. and subsidiaries at January 29, 1972, and the consolidated results of their operations, changes in stockholders' equity, and changes in financial position for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
April 3, 1972

ERNST & ERNST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A—Principles of Consolidation
The consolidated financial statements include the accounts of Mammoth Mart, Inc. and all of its subsidiaries, each of which is wholly owned. All intercompany accounts and transactions have been eliminated upon consolidation.

During the year ended January 30, 1971, the Company acquired all of the outstanding capital stock of Bender's, Inc. and Key Stores, Inc. These transactions have been accounted for as purchases; accordingly, the consolidated financial statements include the acquired companies' results of operations from their respective dates of acquisition. The excess of purchase price over the carrying amounts of the net assets acquired has been included in the accompanying balance sheet; management has no present intention to amortize such excess acquisition costs.

Note B—Long-Term Debt
Long-term debt was comprised of the following at January 29, 1972:

6¼% Note payable to insurance company due in annual installments of $180,000 through 1981 and $220,000 in 1982	$1,840,000
6½% Mortgage notes payable to banks, property with a net carrying value of $1,284,045 at January 29, 1972 mortgaged, due in aggregate annual payments, including interest, of $110,844 through 1987 and $43,740 through 1992	1,166,900
Note payable at the prevailing prime interest rate, due in annual installments of $145,000 through 1973	290,000
6½% Note payable to bank, due in aggregate annual payments, including interest, of $22,800 through 1980	132,114
	$3,429,014
Less current portion	375,809
	$3,053,205

The note agreement with the insurance company contains, among other things, limitations and restrictions as to indebtedness, lease rentals, total liabilities, working capital, and cash dividends. At January 29, 1972, under the most restrictive of the provisions, $5,730,000 of consolidated retained earnings were not restricted as to payments of cash dividends.

Note C—Depreciation and Amortization
Provisions for depreciation and amortization of property and equipment have been computed principally by the straight-line method.

Note D—Stock Option Plan
The Company has a plan pursuant to which stock options may be granted to certain officers and key employees to purchase shares of Common Stock at a price not less than fair market value at the date of grant. Options granted are exercisable ratably over a four-year period beginning one year after the date of grant. On January 21, 1972, the Board of Directors approved an amendment to the plan making 50,000 additional shares available for options. During the year ended January 29, 1972, options to purchase 22,450 shares were granted, options for 26,750 shares became exercisable, options for 41,002 shares were exercised, and options for 15,837 shares were canceled. At January 29, 1972, options were outstanding for the purchase of 84,731 shares at prices ranging from $3.51 to $28.67 per share and options for 74,867 shares were available for future grants.

The number of shares and per share amounts reflect the 3-for-2 stock split on May 5, 1971.

Note E—Stock Purchase Plan
The Company has a 1969 Executive Incentive Stock Purchase Plan pursuant to which restricted shares of Common Stock may be purchased by key executive employees at an amount not less than par value.

The restrictions on shares purchased under the Plan lapse ratably over a five-year period beginning with the third year after allotment of the shares. Under the Plan, 47,250 shares of Common Stock were reserved until December 31, 1978 for issuance. During the year ended January 29, 1972, 1,000 shares were issued at $1 a share and 5,985 shares were reacquired from terminated employees. Deferred compensation, representing the excess of the market price over the option price at the date of sale, is being amortized over the period of the restrictions. At January 29, 1972, there were 7,347 shares available for future issuance.

The number of shares reflect the 3-for-2 stock split on May 5, 1971.

Note F—Long-Term Leases
Long-term leases for real property occupied at January 29, 1972, provided for aggregate minimum annual rentals of approximately $4,635,000 (exclusive of taxes, insurance, and other expenses to be paid by the lessee). In addition, the Company has signed leases, letter agreements or letters of intent to lease additional stores requiring minimum annual rentals aggregating $2,358,000. The aforementioned minimum annual rentals classified as to the period within which the existing and intended leases expire is as follows: $346,000 prior to 1980; $1,419,000 in 1981-1990; $5,228,000 in 1991-2000.

Note G—Federal and State Income Taxes
Investment tax credits of approximately $90,000 (none in 1971) have been applied (flow-through method) to reduce the provision for federal income taxes.

Note H—Earnings Per Share
Primary earnings per share have been computed based on the weighted average number of common shares outstanding during the respective periods, increased by the number of shares issuable upon exercise of stock options, and reduced by the number of shares which could be repurchased (at the average market price for the respective periods) using the proceeds from the exercise of these options.

Additional dilution reflected in fully diluted earnings per share results from the assumed conversion of the 5¾% Convertible Notes at their date of issuance (exclusive of the February 15, 1971 installment which was paid in cash), after eliminating the related interest expense net of taxes. Fully diluted earnings per share also reflects the maximum dilutive effect of unexercised stock options resulting from quarterly market prices through January 29, 1972 in excess of the average market price for the year.

Mammoth Mart, Inc. AND SUBSIDIARIES

DIRECTORS

Max Coffman, *Chairman*
Henry Gornstein, *Vice Chairman*
Alan D. Zaff
Erwin Stone
Frank Brenton
Daniel Coven, *Financial Consultant*
Belmont Towbin, *Partner, C. E. Unterberg, Towbin & Co.*
John E. Beard, *Partner, Ropes & Gray*
Ralph Sorenson, *Associate Professor, Harvard Business School*

CORPORATE COUNSEL

Ropes & Gray, Boston, Mass.

AUDITORS

Ernst & Ernst, Boston, Mass.

TRANSFER AGENTS

Irving Trust Co., New York, N.Y.
State Street Bank & Trust Co., Boston, Mass.

REGISTRARS

The Bank of New York, New York, N.Y.
The First National Bank of Boston, Boston, Mass.

Executive Offices

321 Manley Street
West Bridgewater, Mass. 02379
Tel.: (617) 583-6800

OFFICERS

Max Coffman, *Chairman and Chief Executive Officer*
Henry Gornstein, *Vice Chairman*
Alan D. Zaff, *President and Chief Operating Officer*
Erwin Stone, *Executive Vice President*
Frank Brenton, *Senior Vice President—Finance and Treasurer*
Irving S. Getz, *Senior Vice President—Advertising*
Nathan Levine, *Senior Vice President—Merchandising*

Vice Presidents:
Jeffrey Coffman, *President, Boston Baby Division*
Richard Gornstein, *Purchasing*
Kenneth Litvack, *General Merchandise Manager*
Robert Slattery, *Management Information Systems*
Stanley Sonnenfeld, *Operations*
Eugene Twomey, *Real Estate*
Louis Zax, *Merchandising*

Secretary:
Sumner T. Bernstein

Assistant Treasurer:
Thomas J. Reynolds

Assistant Vice Presidents:
David Band, *Merchandising*
Robert Barteaux, *Merchandising*
George Bronstein, *Merchandising*
George Kovick, *Merchandising*
Alan Lerner, *Personnel*
Elliot Lerner, *Merchandising*

Boston Baby Division
Jeffrey Coffman, *President*
James Morande, *Vice President*

EIGHT YEAR FINANCIAL COMPARISONS

(Fiscal year ended January)

Operating Results:
- Sales (including concessionaires')
- Concessionaires' Sales
- Sales (own departments)
- Earnings Before Income Taxes
- Federal and State Income Taxes
- Net Earnings

Working Capital, Property and Other Assets:
- Current Assets
- Less Current Liabilities
- Working Capital
- Property and Equipment
- Other Assets

Capitalization:
- Long-Term Debt
- Deferred Federal Income Taxes
- Stockholders' Equity

Significant Comparative Statistics:
- Primary Earnings Per Share†*
- Net Earnings as Per Cent of Net Sales
- Net Earnings as Per Cent of Stockholders' Equity at Beginning of Year
- Ratio of Current Assets to Current Liabilities
- Book Value Per Share‡
- Average Number of Shares Outstanding During Year†*

1972	1971	1970	1969	1968	1967	1966	1965
$129,568,700	$110,316,019	$79,929,843	$66,910,596	$53,148,137	$44,042,368	$32,881,416	$26,720,918
4,353,563	4,065,002	3,076,278	6,922,197	9,971,716	10,068,396	9,190,156	7,952,235
125,215,137	106,251,017	76,853,565	59,988,399	43,176,421	33,973,972	23,691,260	18,768,683
7,262,278	6,755,031	4,812,116	3,742,054	2,697,874	2,130,078	1,623,432	990,939
3,480,000	3,359,000	2,301,000	1,805,000	1,202,000	958,000	718,000	427,000
$ 3,782,278	$ 3,396,031	$ 2,511,116	$ 1,937,054	$ 1,495,874	$ 1,172,078	$ 905,432	$ 563,939
$ 31,530,997	$ 25,462,518	$16,559,298	$14,488,815	$ 9,122,118	$ 6,494,233	$ 5,769,203	$ 3,840,518
11,109,227	12,143,908	7,677,000	5,906,475	4,215,672	3,141,165	2,211,569	1,278,248
20,421,770	13,318,610	8,882,298	8,582,340	4,906,446	3,353,068	3,557,634	2,562,270
10,474,963	7,989,897	5,902,929	3,580,913	3,007,564	2,352,328	1,322,043	1,093,837
1,991,708	1,906,206	522,157	351,814	402,282	336,298	163,615	120,764
$ 32,888,441	$ 23,214,713	$15,307,384	$12,515,067	$ 8,316,292	$ 6,041,694	$ 5,043,292	$ 3,776,871
$ 3,053,205	$ 3,971,140	$ 2,710,028	$ 2,200,000	$ 2,366,666	$ 1,500,000	$ 1,600,000	$ 1,133,333
638,099	470,599	430,718	289,215	255,289	157,699	73,908	64,097
29,197,137	18,772,974	12,166,638	10,025,852	5,694,337	4,383,995	3,369,384	2,579,441
$ 32,888,441	$ 23,214,713	$15,307,384	$12,515,067	$ 8,316,292	$ 6,041,694	$ 5,043,292	$ 3,776,871
$1.02	$1.02	$0.77	$0.64	$0.52	$0.41	$0.33	$0.24
3.0%	3.2%	3.3%	3.2%	3.5%	3.4%	3.8%	3.0%
20.1%	27.9%	25.0%	34.0%	34.1%	34.8%	35.1%	48.3%
2.8 to 1	2.1 to 1	2.2 to 1	2.5 to 1	2.2 to 1	2.1 to 1	2.6 to 1	3.0 to 1
$7.66	$5.43	$3.78	$3.20	$2.00	$1.56	$1.21	$0.93
3,724,083	3,318,775	3,253,195	3,033,396	2,899,333	2,844,030	2,788,242	2,323,537

†Based on weighted average shares outstanding adjusted for the dilutive effect of common stock equivalents resulting from unexercised stock options.

‡Based on shares outstanding at end of year.

**Adjusted for all stock dividends and stock splits.*

MAMMOTH MART, INC.
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Mammoth
MART
SELF-SERVICE • DISCOUNT DEPT. STORE